Cara Operations Limited

Condensed Consolidated Interim Financial Statements (unaudited)
For the 13 and 26 weeks ended June 28, 2015 and July 1, 2014

Note: The comparative financial results for the 13 and 26 weeks ended July 1, 2014 have not been reviewed by the Company's auditors.

Cara Operations Limited
Condensed Consolidated Interim Statements of Earnings and Comprehensive Income
For the 13 and 26 weeks ended June 28, 2015 and July 1, 2014
(unaudited)

(in thousands of Canadian dollars, except where otherwise indicated)	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2015	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Sales (note 6)	**$ 62,786**	$ 51,947	**$ 118,570**	$ 99,126
Franchise revenues (note 7)	**18,070**	17,396	**36,266**	34,905
Development revenues	**81**	47	**1,767**	83
Total gross revenue from continuing operations	**$ 80,937**	$ 69,390	**$ 156,603**	$ 134,114
Cost of inventories sold	**(17,956)**	(15,095)	**(33,977)**	(29,034)
Selling, general and administrative expenses (note 8)	**(41,576)**	(38,322)	**(82,123)**	(75,512)
Development expenses	**(76)**	(3)	**(1,721)**	(30)
Restructuring (note 9)	**(436)**	(1,297)	**(231)**	(1,515)
Operating income	**20,893**	14,673	**$ 38,551**	$ 28,023
Finance costs				
Net interest expense and other financing charges (note 11)	**(1,989)**	(8,216)	**(10,300)**	(16,895)
Loss on derivative	**(23)**	(590)	**(1,623)**	(590)
Write-off of deferred financing fees	**(1,800)**	-	**(1,800)**	-
Earnings from continuing operations before income taxes	**$ 17,081**	$ 5,867	**$ 24,828**	$ 10,538
Income taxes (note 12)	**(1,132)**	(1,519)	**(2,651)**	(2,868)
Net earnings from continuing operations	**15,949**	4,348	**$ 22,177**	$ 7,670
Discontinued operations - net of income taxes	**(3)**	(13)	**(6)**	(31)
Net earnings and comprehensive income	**$ 15,946**	$ 4,335	**$ 22,171**	$ 7,639
Net earnings attributable to				
Shareholders of the Company	**$ 15,518**	$ 4,365	**$ 21,821**	$ 7,840
Non-controlling interest	**428**	(30)	**350**	(201)
	$ 15,946	$ 4,335	**$ 22,171**	$ 7,639
Net earnings per share attributable to the Common Shareholders of the Company (note 22) (in dollars)				
Basic earnings per share	**$ 0.341**	**$** 0.241	**$ 0.690**	$ 0.433
Diluted earnings per share	**$ 0.307**	0.230	**$ 0.507**	$ 0.413
Basic earnings per share from continuing operations	**$ 0.341**	**$** 0.242	**$ 0.690**	$ 0.435
Diluted earnings per share from continuing operations	**$ 0.307**	**$** 0.231	**$ 0.507**	$ 0.416

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Cara Operations Limited
Condensed Consolidated Interim Statements of Total Equity
For the 26 weeks ended June 28, 2015 and July 1, 2014
(unaudited)

(in thousands of Canadian dollars, except where otherwise indicated)

	Attributable to the Shareholders of the Company								
	Number of shares (in thousands)	Common share capital	Multiple voting shares	Subordinate voting shares	Warrant certificates	Contributed surplus	Deficit	Non-controlling interest	Total equity
Balance at December 30, 2014	**50,467**	**$ 29,285**	**$ -**	**$ -**	**$ 18,490**	**$ 7,204**	**$ (308,040)**	**$ 15,020**	**$ (238,041)**
Net earnings (loss) and comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**21,821**	**350**	**22,171**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(3,044)**	**-**	**(3,044)**
Consideration paid in excess of non-controlling interest resulting from buyouts (note 5)	**-**	**-**	**-**	**-**	**-**	**-**	**(5,909)**	**-**	**(5,909)**
Share consolidation	**(32,379)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Share conversion		**(29,285)**	**28,320**	**965**	**-**	**-**	**-**	**-**	**-**
Issuance of common stock	**31,060**	**-**	**180,478**	**223,679**	**(18,490)**	**-**	**-**	**-**	**385,667**
Buyout of non-controlling interests (note 5)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,749)**	**(15,749)**
Stock-based compensation (note 24)	**-**	**-**	**-**	**-**	**-**	**3,152**	**-**	**-**	**3,152**
	(1,319)	**(29,285)**	**208,798**	**224,644**	**(18,490)**	**3,152**	**12,868**	**(15,399)**	**386,288**
Balance at June 28, 2015	**49,148**	**$ -**	**$ 208,798**	**$ 224,644**	**$ -**	**$ 10,356**	**$ (295,172)**	**$ (379)**	**$ 148,247**

	Attributable to the Shareholders of the Company								
	Number of shares (in thousands)	Common share capital	Multiple voting shares	Subordinate voting shares	Warrant certificates	Contributed surplus	Deficit	Non-controlling interest	Total equity
Balance at December 31, 2013	50,467	$ 29,285	-	$ -	17,913	$ 852	$ (300,640)	$ 245	$ (252,345)
Net earnings (loss) and comprehensive income	-	-	-	-	-	-	7,840	(201)	7,639
Dividends	-	-	-	-	-	-	-	50	50
Stock-based compensation (note 24)	-	-	-	-	577	-	-	(7)	570
	-	-	-	-	577	-	7,840	(158)	8,259
Balance at July 1, 2014	50,467	$ 29,285	-	$ -	18,490	$ 852	$ (292,800)	$ 87	$ (244,086)

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Cara Operations Limited

Condensed Consolidated Interim Balance Sheets

As at June 28, 2015, December 30, 2014 and July 1, 2014

(in thousands of Canadian dollars)	As at June 28, 2015 (unaudited)	As at December 30, 2014	As at July 1, 2014 (unaudited)
Assets			
Current Assets			
Cash	**$ 2,632**	$ 3,808	$ 1,066
Accounts receivable (note 27)	**25,118**	33,108	26,563
Inventories (note 10)	**4,878**	4,223	3,217
Prepaid expenses and other assets	**1,776**	2,556	2,404
Total Current Assets	**$ 34,404**	$ 43,695	$ 33,250
Long-term receivables (note 13)	**45,505**	50,173	61,269
Property, plant and equipment (note 14)	**83,374**	86,597	78,063
Brands and other assets (note 15)	**162,277**	163,650	157,084
Goodwill (note 16)	**45,981**	43,051	21,716
Deferred tax asset	**-**	671	1,438
Total Assets	**$ 371,541**	$ 387,837	$ 352,820
Liabilities			
Current Liabilities			
Bank indebtedness	**$ 2,224**	$ -	$ 9,191
Accounts payable and accrued liabilities	**61,287**	81,352	62,622
Provisions (note 17)	**5,104**	6,904	3,534
Gift card liability	**24,535**	49,461	21,279
Income taxes payable	**594**	3,991	2,135
Current portion of long-term debt (note 18)	**2,730**	17,702	16,776
Discontinued operations	**164**	184	363
Total Current Liabilities	**$ 96,638**	$ 159,594	$ 115,900
Long-term debt (note 18)	**61,240**	260,661	269,984
Preferred shares (note 19)	**-**	135,545	133,563
Long-term provisions (note 17)	**7,432**	7,630	6,968
Other long-term liabilities (note 21)	**57,616**	62,448	70,491
Deferred tax liability	**368**	-	-
Total Liabilities	**$ 223,294**	$ 625,878	$ 596,906
Shareholders' Equity			
Share capital (note 23)	**$ 433,442**	$ 29,285	$ 29,285
Warrant certificates (note 20)	**-**	18,490	18,490
Contributed surplus	**10,356**	7,204	852
Deficit	**(295,172)**	(308,040)	(292,800)
Total Shareholders' Equity	**$ 148,626**	$ (253,061)	$ (244,173)
Non-controlling interest	**(379)**	15,020	87
Total Equity	**$ 148,247**	$ (238,041)	$ (244,086)
Total Liabilities and Equity	**$ 371,541**	$ 387,837	$ 352,820

Commitments, contingencies and guarantees (note 26)

Subsequent events (note 30)

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Cara Operations Limited
Condensed Consolidated Interim Statements of Cash Flows
For the 13 and 26 weeks ended June 28, 2015 and July 1, 2014
(unaudited)

(in thousands of Canadian dollars)	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2015	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Cash from (used in)				
Operating Activities				
Net earnings from continuing operations	**$ 15,949**	$ 4,348	**$ 22,177**	$ 7,670
Restructuring (note 9)	**436**	1,297	**231**	1,515
Depreciation of property, plant and equipment	**4,732**	4,223	**9,421**	8,656
Amortization of other assets	**957**	763	**1,966**	1,062
Lease costs and tenant inducement amortization	**143**	75	**285**	241
Net loss (gain) on disposal of property, plant and equipment	**327**	(277)	**(309)**	(523)
Losses on early buyout/cancellation of equipment rental contracts	**34**	1,344	**1,169**	1,344
Net interest expense and other financing charges (note 11)	**1,989**	8,216	**10,300**	16,895
Write-off of deferred financing fees	**1,800**	-	**1,800**	-
Loss on derivative	**23**	590	**1,623**	590
Stock based compensation (note 24)	**1,497**	385	**3,152**	730
Income taxes (paid) received	**-**	(65)	**(5,008)**	(373)
Change in onerous contract provision	**(216)**	(205)	**(245)**	(406)
Other non-cash items	**(1,841)**	4,729	**(5,040)**	2,453
Net change in non-cash operating working capital (note 25)	**(1,520)**	(13,342)	**(29,020)**	(15,969)
Cash flows from operating activities of continuing operations	**24,310**	12,081	**12,502**	23,885
Cash flows used in operating activities of discontinued operations	**(13)**	(24)	**(26)**	(76)
Cash flows from operating activities	**24,297**	12,057	**12,476**	23,809
Investing Activities				
Business acquisitions (note 5)	**-**	(373)	**(3,312)**	(9,476)
Buyout of non-controlling interests (note 5)	**(11,861)**	-	**(11,861)**	-
Purchase of property, plant and equipment	**(4,288)**	(6,420)	**(6,456)**	(9,199)
Proceeds on disposal of property, plant and equipment	**190**	5	**200**	52
Proceeds on early buyout of equipment rental contracts	**83**	855	**452**	855
Additions to other assets	**(68)**	(26)	**(85)**	(74)
Change in long-term receivables	**986**	1,441	**4,019**	2,686
Cash flows used in investing activities	**(14,958)**	(4,518)	**(17,043)**	(15,156)
Financing Activities				
Change in bank indebtedness	**(3,064)**	(1,032)	**2,224**	2,265
Issuance of long-term credit facility (note 18)	**317,811**	22,000	**361,811**	56,000
Repayment of long-term credit facility (note 18)	**(527,811)**	(25,000)	**(551,811)**	(61,000)
Issuance of subordinate voting shares, net of transaction costs (note 23)	**216,557**	-	**216,557**	-
Change in finance leases (note 18)	**(558)**	631	**(919)**	162
Interest paid	**(7,144)**	(4,536)	**(10,259)**	(6,550)
Dividends paid on common shares (note 28)	**(3,044)**	-	**(14,044)**	-
Other	**(168)**	(70)	**(168)**	(40)
Cash flows from (used in) financing activities	**(7,421)**	(8,007)	**3,391**	(9,163)
Change in cash during the period	**1,918**	(468)	**(1,176)**	(510)
Cash - Beginning of period	**714**	1,534	**3,808**	1,576
Cash - End of period	**$ 2,632**	$ 1,066	**$ 2,632**	$ 1,066

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1 Nature and description of the reporting entity

Cara Operations Limited is a Canadian Company incorporated under the Ontario Business Corporations Act and is a Canadian full service restaurant operator and franchisor. On April 10, 2015, the Company completed an initial public offering (the "Offering"). The Company's subordinate voting shares are listed on the Toronto Stock Exchange under the stock symbol "CAO". Its registered office is located at 199 Four Valley Drive, Vaughan, Canada L4K 0B8. Cara Operations Limited and its controlled subsidiaries are together referred to in these condensed consolidated interim financial statements as "Cara" or "the Company".

2 Basis of Presentation

Statement of compliance

The unaudited condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The interim financial statements should be read in conjunction with the Company's 2014 audited annual consolidated financial statements and accompanying notes. The interim financial statements for the 13 and 26 weeks ended July 1, 2014 have not been subject to review by auditors.

The interim financial statements were authorized for issue by the Board of Directors ("Board") on August 11, 2015.

Functional and presentation currency

The interim financial statements are presented in Canadian dollars which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousands of dollars except where otherwise indicated.

Seasonality of interim operations

Results of operations for the interim period are not necessarily indicative of the results of operations for the full year. System sales are subject to seasonal fluctuations due to consumer spending patterns. The Company may also experience quarterly variations in its operating results as its revenues may be subject to fluctuations resulting from a number of factors such as economic conditions, the effect of severe weather and the number of new locations opened or closures of existing franchise or company-owned restaurants. Occupancy related expenses, certain operating expenses, depreciation and amortization, and interest expense remain relatively steady throughout the year.

Critical accounting judgements and estimates

The preparation of these interim financial statements requires management to make judgements, estimates and assumptions that affect the Company's accounting policies that affect the reported amounts and disclosures made in the interim financial statements and accompanying notes. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the Company's audited annual consolidated financial statements as at and for the year ended December 30, 2014.

3 Significant accounting policies

Accounting standards implemented in 2015

Employee benefits

In November 2013, the IASB issued narrow-scope amendments to IAS 19, "Employee Benefits" ("IAS 19"), and entitled Defined Benefit Plans: Employee Contributions (Amendments to IAS 19). The amendments apply to certain contributions from employees or third parties to defined benefit plans. The amendments apply retrospectively for annual periods beginning on or after July 1, 2014. There was no impact on the Company's interim financial statements as a result of the amendments to IAS 19.

Annual Improvements to IFRS (2010 – 2012) and (2011 – 2013) Cycles

Beginning on January 1, 2015, the Company adopted various amendments to a total of seven standards including disclosure on the aggregation of operating segments in IFRS 8 Operating Segments, measurement of short-term receivables and payables under IFRS 13 Fair Value Measurement, definition of related party in IAS 24 Related Party Disclosures, and other amendments. The adoption of these amendments did not have a material impact on the Company's interim financial statements.

All other accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its audited annual consolidated financial statements as at and for the year ended December 30, 2014.

4 Future accounting standards

Business Combinations

In May 2014, the IASB issued amendments to IFRS 11, "Joint Arrangements" ("IFRS 11") entitled "Accounting for Acquisitions of Interests in Joint Operations" (Amendments to IFRS 11). The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments apply prospectively for annual periods beginning on or after December 28, 2015. Earlier application is permitted. For the Company, the extent of the impact of adoption of the standard has not yet been determined.

Depreciation and Amortization

In May 2014, the IASB issued amendments to IAS 16 "IAS 16 Property, Plant and Equipment" ("IAS 16") and IAS 38 "Intangible Assets" ("IAS 38"). The amendments clarify acceptable methods of depreciation and amortization. The amendments to IAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment because such methods reflect factors other than the consumption of economic benefits embodied in the asset. The amendments to IAS 38 introduce a rebuttable presumption that revenue is

not an appropriate basis for amortization of intangible assets for the same reasons as set out above. This presumption could be overcome only when revenue and consumption of the economic benefits of the intangible asset are highly correlated or when the intangible asset is expressed as a measure of revenue. The Company intends to adopt the amendments to IAS 16 and IAS 38 in its financial statements for the annual period beginning on December 28, 2015. The Company does not expect the amendments to have a material impact on the financial statements.

Revenue

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. In July 2015, the effective date for IFRS 15 was deferred to apply to annual periods beginning on or after January 1, 2018; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2018. For the Company, the extent of the impact of adoption of the standard has not yet been determined.

Financial Instruments

In July 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)), "Financial Instruments" ("IFRS 9 (2014)") which will ultimately replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model. The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. For the Company, the extent of the impact of adoption of the standard has not yet been determined.

Transfer of Assets

In September 2014, the IASB issued amendments to IFRS 10 "Consolidated Financial Statements" ("IFRS 10") and IAS 28, "Investments in Associates" ("IAS 28") entitled "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)". The amendment addresses the inconsistencies between the requirements in IFRS 10 and IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments apply prospectively for annual periods beginning on or after December 28, 2015. Early adoption is permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on December 28, 2015. For the Company, the extent of the impact of adoption of the amendments has not yet been determined.

Other standards

In September 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process (Annual Improvements to IFRS (2012-2014) cycle). Amendments were made to clarify items including changes in method for disposal under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"; 'Continuing involvement' for servicing contracts and offsetting disclosures in the interim financial statements under IFRS 7 "Financial Instruments: Disclosures"; Discount rate in a regional market sharing the same currency under IAS 19 "Employee Benefits"; Disclosure of information 'elsewhere in the interim financial report' under IAS 34 "Interim Financial Reporting". The amendments will apply for annual periods beginning on or after December 28, 2015. Earlier application is permitted, in which case, the related consequential amendments to other IFRS would also apply. The Company intends to adopt these amendments in its financial statements for the annual period beginning on December 28, 2015. For the Company, the extent of the impact of adoption of the amendments has not yet been determined.

In December 2014, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after December 28, 2015. Early adoption is permitted. The Company intends to adopt these amendments in its financial statements for the annual period beginning on December 28, 2015. For the Company, the extent of the impact of adoption of the amendments has not yet been determined.

5 Acquisitions and Buyouts

The Company has accounted for all acquisitions using the acquisition method, with the results of the businesses acquired included in the interim financial statements from the date of acquisition.

Buyouts of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders; therefore, no goodwill is recognized as a result of such transactions. Any purchase amount in excess of the carrying value of non-controlling interest is recorded directly to deficit.

The Landing Group

On December 18, 2014 (the "Acquisition Date"), the Company completed the acquisition of 55% of the issued and outstanding commons shares of 2446502 Ontario Inc. ("The Landing Group") for a purchase price of $18.3 million, which was settled in cash. The transaction was accounted for as a business combination, with the Company controlling The Landing Group and consolidating 100% of their operations and recording the non-controlling interest at fair value as at the Acquisition Date.

On June 26, 2015, the Company bought the remaining 45% interest in The Landing Group for a purchase price of $21.2 million, which was settled for a combination of $14.1 million, of which $11.9 was paid in cash and $2.2 held back in accounts payable, and $7.1 million in subordinate voting shares. As a result of the buyout, the difference between the purchase price and the non-controlling interest of $5.8 million was recognized directly to deficit.

The Landing Group comprises of three upscale casual restaurants in Southern Ontario.

Bier Markt and Prime Pub partnerships

The Company held partnership shares in four Bier Markt locations and one Prime Pub location. The Company had a 95% partnership share in three Bier Markt locations and one Prime Pub location and a 93% partnership share in a Bier Markt location. On March 1, 2015, the remaining interest in these locations was bought for a purchase price of $0.5 million which was settled in cash. As a result of the buyout, the difference of the purchase price and the non-controlling interest of $0.1 million was recognized directly to deficit.

Re-acquired franchise locations

In the normal course of business, the Company may acquire or re-acquire franchise restaurants and convert them into corporate restaurants. During 13 weeks ended June 28, 2015, there were no re-acquired locations (July 1, 2014 – 1). Changes during the 13 weeks ended June 28, 2015 relate to adjustments to the purchase price allocations previously recorded. During the 26 weeks ended June 28, 2015, 3 franchised locations (July 1, 2014 – 5) were re-acquired by the Company. The determination of the identifiable net assets acquired at fair value, in connection with the re-acquired franchised locations, are summarized in the table below. Subsequent to June 28, 2015, the Company re-acquired 4 Milestones locations. See note 30 for further detail.

(in thousands of Canadian dollars)

	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2015	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Consideration				
Cash	$ **-**	$ 373	$ **3,312**	$ 9,476
Accounts receivable	**69**	-	**127**	-
Extinguishment of net finance leases	**24**	-	**460**	541
Total Consideration	$ **93**	$ 373	$ **3,899**	$ 10,017
Net assets acquired				
Property, plant and equipment	$ **14**	$ 74	$ **176**	$ 1,125
Inventory	-	36	-	36
Brands and other assets	**79**	263	**793**	5,199
Total Assets	**93**	373	**969**	6,360
Goodwill	**-**	-	**2,930**	3,657
Total	$ **93**	$ 373	$ **3,899**	$ 10,017

6 Sales

Sales are made up of the direct sale of prepared food to customers at company-owned restaurants and revenue from processing off-premise phone, web and mobile orders.

	For the 13 weeks ended		For the 26 weeks ended	
(in thousands of Canadian dollars)	**June 28, 2015**	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Sales at corporate restuarants	$ **60,592**	$ 49,922	$ **113,738**	$ 94,640
Call centre service charge revenues	**2,194**	2,025	**4,832**	4,486
	$ **62,786**	$ 51,947	$ **118,570**	$ 99,126

7 Franchise revenues

The Company grants license agreements to independent operators ("franchisees"). As part of the license agreements, the franchisees pay franchise fees, conversion fees for established locations, and other payments, which may include payments for royalties, equipment and rents.

	For the 13 weeks ended		For the 26 weeks ended	
(in thousands of Canadian dollars)	**June 28, 2015**	July 1, 2014	**June 28, 2015**	July 1, 2014
Royalty revenue	**$ 16,802**	$ 16,095	**$ 33,565**	$ 31,913
Franchise fees on new and renewal licenses	**112**	72	**379**	346
Income on finance leases	**619**	575	**1,141**	1,180
Other rental income	**115**	353	**284**	611
Conversion fees	**422**	301	**897**	855
	$ 18,070	$ 17,396	**$ 36,266**	$ 34,905

8 Selling, general and administrative expenses

Deducted from operating income are the following selling, general and administrative expenses:

	For the 13 weeks ended		For the 26 weeks ended	
(in thousands of Canadian dollars)	**June 28, 2015**	July 1, 2014	**June 28, 2015**	July 1, 2014
Corporate restaurant expenses	**$ 34,584**	$ 32,003	**$ 67,782**	$ 61,780
Franchise assistance and bad debts	**2,062**	3,245	**3,909**	6,169
Franchisor over contribution to advertising funds	**2,229**	201	**4,428**	401
Depreciation of property, plant and equipment	**4,732**	4,223	**9,421**	8,656
Amortization of other assets	**957**	763	**1,966**	1,062
Other	**(2,988)**	(2,113)	**(5,383)**	(2,556)
	$ 41,576	$ 38,322	**$ 82,123**	$ 75,512

9 Restructuring

Home office and brand reorganization

In conjunction with the Landing buyout on June 26, 2015 (see note 5), the Company approved the restructuring of certain home office and brand operations positions to consolidate the Landing Group with Cara's existing infrastructure. The total costs are estimated to be approximately $0.5 million comprised primarily of severance and other benefits. All expected costs have been recognized in the 13 and 26 weeks ended June 28, 2015 (2014 - $nil).

During the years ended December 31, 2013 and December 30, 2014, the Company approved a restructuring plan to consolidate the home office and brand operations of Cara and Prime, which resulted in the elimination of certain home office and brand operating positions. All expected costs, comprised primarily of severance costs and other benefits, have been recognized to date. During the 13 weeks ended June 28, 2015, the Company recognized $nil (July 1, 2014 - $1.1 million) of restructuring costs resulting from this plan. During the 26 weeks ended June 28, 2015, the Company reversed $0.3 million (July 1, 2014 - recognized $1.3 million) representing changes in estimates in severance costs from previously recorded actions under various restructuring plans.

Restaurant operations

Casey's Restructuring

During the year ended December 30, 2014, the Company approved a single Roadhouse brand strategy which will phase out the Casey's concept over time. Certain locations have been identified as very likely to convert to a Kelsey's or Prime Pub restaurants. To provide incentive and support for these conversions, Cara has committed to funding 25% of the renovation costs, up to a total of $0.1 million per location. Locations that are not expected to convert to a Cara restaurant will either close or operate as independent restaurants.

The total restructuring costs under this plan are estimated to be approximately $1.6 million; comprised of approximately $1.3 million related to the committed renovation costs described above, $0.2 million of de-branding costs for locations expected to close, and $0.1 million for employee severance costs. All expected costs have been recognized to date.

Kelsey's Restructuring

During the year ended January 1, 2013, the Company approved a plan to close 16 Kelsey's restaurants all of which were closed by December 31, 2013. The total restructuring costs under this plan were estimated to be approximately $3.8 million; comprised of approximately $0.5 million related to employee termination benefits, and $3.3 million to site closing and other costs including lease obligations. During the 13 weeks ended June 28, 2015, the Company reversed $0.1 million (July 1, 2014 – recognized $0.1 million). During the 26 weeks ended June 28, 2015, the Company recognized $nil (July 1, 2014 - $0.2 million) of these restructuring costs primarily relating to lease obligations. The Company is not expecting any further costs to be incurred.

The following table provides a summary of the costs recognized and cash payments made, as well as the corresponding net liability as at June 28, 2015:

	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2015	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Net liability, beginning of period	**$ 7,987**	$ 10,966	**$ 10,338**	$ 13,655
Cost recognized				
Employee termination benefits	**$ 500**	$ 1,131	**$ 236**	$ 1,349
Site closing costs and other	**$ (64)**	$ 166	**$ (5)**	$ 166
Total	**436**	1,297	**231**	1,515
Cash payments				
Employee termination benefits	**$ 1,514**	$ 2,143	**$ 3,568**	$ 4,464
Site closing costs and other	**$ 81**	$ 527	**$ 173**	$ 1,113
Total	**1,595**	2,670	**3,741**	5,577
Net liability, end of period				
June 28, 2015	**$ 6,828**	$ 9,593	**$ 6,828**	$ 9,593

Recorded in the consolidated balance sheets as follows:

	Employee Termination Benefits	Site Closing Costs and Other	Total
Accounts payable and accrued liabilities	**$ 6,134**	**$ -**	**$ 6,134**
Other long-term liabilities (note 21)	**295**	**-**	**295**
Provisions - current	**-**	**333**	**333**
Provisions - long-term	**-**	**66**	**66**
Net liability, end of period as at June 28, 2015	**$ 6,429**	**$ 399**	**$ 6,828**
December 30, 2014	$ 9,761	$ 577	$ 10,338
July 1, 2014	$ 8,666	$ 927	$ 9,593

10 Inventories

Inventories of food and beverage supplies are stated at the lower of cost and estimated net realizable value. Costs consist of the cost to purchase net of vendor allowances and other costs incurred in bringing the inventory to its present location and condition. The cost of inventories is determined using the first-in, first-out method.

Restaurant development in progress relates to the sale and construction of franchise locations. Cost comprises amounts paid to suppliers in the course of constructing restaurant locations. Cost of construction work-in-progress inventory is recorded at the lower of cost and fair value.

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Food and beverage supplies	**$ 3,237**	$ 3,098	$ 2,654
Restaurant development in progress	**1,641**	1,125	563
	$ 4,878	$ 4,223	$ 3,217

11 Net interest expense and other financing charges

	For the 13 weeks ended		For the 26 weeks ended	
(in thousands of Canadian dollars)	June 28, 2015	July 1, 2014	June 28, 2015	July 1, 2014
Interest expense on long-term debt	**$ 763**	$ 3,736	**$ 4,114**	$ 7,252
Interest expense on preferred shares (note 19)	**368**	2,666	**3,130**	5,363
Financing costs	**73**	314	**394**	638
Other	**674**	500	**1,489**	1,231
Accretion expense	**131**	871	**1,034**	2,318
Interest expense related to derivative	**5**	155	**192**	155
Interest income	**(25)**	(26)	**(53)**	(62)
Net interest expense and other financing charges	**$ 1,989**	$ 8,216	**$ 10,300**	$ 16,895

12 Income taxes

The Company's provision for income taxes is comprised of the following:

(in thousands of Canadian dollars)	For the 13 weeks ended June 28, 2015	For the 13 weeks ended July 1, 2014	For the 26 weeks ended June 28, 2015	For the 26 weeks ended July 1, 2014
Tax from total operations	**$ 4,958**	$ 1,057	**$ 7,187**	$ 2,767
Unrecognized income tax benefit	**(3,973)**	(604)	**(5,788)**	(2,043)
	985	453	**1,399**	724
Part VI.1 taxes on preferred share dividends	**147**	1,066	**1,252**	2,144
Total income tax expense	**$ 1,132**	$ 1,519	**$ 2,651**	$ 2,868

13 Long-term receivables

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Franchise receivable	**$ 44,106**	$ 48,835	$ 59,798
Promissory notes	**1,373**	1,299	1,415
Franchise licence notes	**26**	39	56
	$ 45,505	$ 50,173	$ 61,269

Franchise receivable

In prior years, the Company converted certain corporate restaurants to franchise and sold the restaurants to independent operators ("franchisees"). As part of these conversion agreements, certain franchisees entered into rental agreements to rent certain restaurant assets from the Company. Franchise receivables of $40.5 million (December 30, 2014 - $45.5 million; July 1, 2014 - $56.8 million) relate primarily to the long-term obligation of the franchisees to pay the Company over the term of the rental agreement which is equal to the term of the license agreement or the term to the expected buyout date assuming that the franchisee is more likely than not to acquire the rented assets from the Company.

Long-term franchise receivables are reviewed for impairment when a triggering event has occurred. An impairment loss is recorded when the carrying amount of the long-term franchise receivable exceeds its estimated net realizable value. For the 13 and 26 weeks ended June 28, 2015, the Company recorded $nil (13 and 26 weeks ended July 1, 2014 - $nil) of impairment losses on long-term franchise receivables.

Long-term receivable maturities

Long-term receivables have maturity dates ranging from 2016 to 2034.

14 Property, plant and equipment

(in thousands of Canadian dollars)	Land	Buildings	Equipment	Leasehold improvements	Assets under finance lease	Construction-in-progress	Total
Cost							
Balance, beginning of period December 30, 2014	$ 2,291	$ 3,058	$ 137,797	$ 97,416	$ 29,601	$ 183	$ 270,346
Additions		12	1,176	228	384	752	2,552
Additions from business acquisitions (note 5)	-	-	162	-	-	-	162
Disposals	-	-	(1,171)	(1,686)	-	-	(2,857)
Transfer to/(from) construction-in-progress	-	-	390	142	-	(532)	-
Balance end of period, March 29, 2015	**$ 2,291**	**$ 3,070**	**$ 138,354**	**$ 96,100**	**$ 29,985**	**$ 403**	**$ 270,203**
Additions		4	971	332	-	2,981	4,288
Additions from business acquisitions (note 5)	-	-	14	-	-	-	14
Disposals	-	(8)	(1,598)	(2,272)	-	-	(3,878)
Transfer to/(from) construction-in-progress	-	-	2,145	16	-	(2,161)	-
Balance end of period, June 28, 2015	**$ 2,291**	**$ 3,066**	**$ 139,886**	**$ 94,176**	**$ 29,985**	**$ 1,223**	**$ 270,627**
Accumulated depreciation and impairment losses							
Balance, beginning of period December 30, 2014	$ -	$ 2,355	$ 105,193	$ 64,608	$ 11,593	$ -	$ 183,749
Depreciation expense	-	27	2,963	1,174	525	-	4,689
Disposals	-	-	(1,096)	(1,748)	-	-	(2,844)
Balance end of period, March 29, 2015	**-**	**2,382**	**107,060**	**64,034**	**12,118**	**-**	**185,594**
Depreciation expense	-	25	3,026	1,149	532	-	4,732
Disposals	-	(8)	(1,514)	(1,551)	-	-	(3,073)
Balance end of period, June 28, 2015	**$ -**	**$ 2,399**	**$ 108,572**	**$ 63,632**	**$ 12,650**	**$ -**	**$ 187,253**
Carrying amount as at:							
June 28, 2015	**$ 2,291**	**$ 667**	**$ 31,314**	**$ 30,544**	**$ 17,335**	**$ 1,223**	**$ 83,374**
December 30, 2014	$ 2,291	$ 703	$ 32,604	$ 32,808	$ 18,008	$ 183	$ 86,597
July 1, 2014	$ 1,591	$ 669	$ 27,181	$ 29,474	$ 14,416	$ 4,732	$ 78,063

15 Brands and other assets

Brands and other assets including re-acquired franchise rights are recorded at their fair value at the date of acquisition. The Company assesses each intangible asset and other assets for legal, regulatory, contractual, competitive or other factors to determine if the useful life is definite. Brands are measured at cost less net accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Re-acquired franchise rights and other assets are amortized on a straight-line basis over their estimated useful lives, averaging approximately five years and are tested for impairment whenever there is an indication that the asset may be impaired. Unamortized franchise rights are expensed when locations are re-franchised.

(in thousands of Canadian dollars)	Brands	Other assets	Total
Cost			
Balance, beginning of period December 30, 2014	$ 140,894	$ 28,099	$ 168,993
Additions	-	17	17
Additions from business acquistions (note 5)	-	714	714
Transfer from Brands to Other assets	-	-	-
Disposal	-	(383)	(383)
Balance end of period, March 29, 2015	**$ 140,894**	**$ 28,447**	**$ 169,341**
Additions	-	68	68
Additions from business acquistions (note 5)	-	79	79
Transfer from Brands to Other assets	(171)	171	-
Balance, end of period June 28, 2015	**$ 140,723**	**$ 28,765**	**$ 169,488**
Accumulated amortization			
Balance, beginning of period December 30, 2014	$ -	$ 5,343	$ 5,343
Amortization	-	1,152	1,152
Disposal	-	(383)	(383)
Balance end of period, March 29, 2015	**$ -**	**$ 6,112**	**$ 6,112**
Amortization	-	1,099	1,099
Balance end of period, June 28, 2015	**$ -**	**$ 7,211**	**$ 7,211**
Carrying amount as at:			
June 28, 2015	**$ 140,723**	**$ 21,554**	**$ 162,277**
December 30, 2014	$ 140,894	$ 22,756	$ 163,650
July 1, 2014	$ 142,501	$ 14,583	$ 157,084

16 Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired. Goodwill represents the excess of the purchase price of a business acquired over the fair value of the underlying net assets acquired at the date of acquisition. Goodwill is allocated at the date of the acquisition to a group of cash generating units that are expected to benefit from the synergies of the business combination, but no higher than an operating segment. Goodwill is not amortized and is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Cost			
Balance, beginnning of period	$ **43,051**	$ 18,059	$ 18,059
Additions [1] (note 5)	**2,930**	24,992	3,657
Balance, end of period	$ **45,981**	$ 43,051	$ 21,716

[1] Goodwill additions as at December 30, 2014 comprised of $21.0 million relating to The Landing Group which was acquired on December 18, 2014 and $4.0 million for re-acquired franchise locations during 2014.

17 Provisions

Provisions are recognized when there is a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and that obligation can be measured reliably. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risk specific to the liability. Provisions are reviewed on a regular basis and adjusted to reflect management's best current estimates. Due to the judgemental nature of these items, future settlements may differ from amounts recognized.

(in thousands of Canadian dollars)	Asset retirement obligations	Lease obligations for closed restaurants	Other	Total
Balance, beginnning of period December 30, 2014	**$ 5,200**	**$ 2,498**	**$ 6,836**	**$ 14,534**
Additions	**192**	**-**	**167**	**359**
Accretion	**86**	**-**	**-**	**86**
Payments	**-**	**(204)**	**(385)**	**(589)**
Adjustments	**(353)**	**416**	**(1,410)**	**(1,347)**
Balance end of period, March 29, 2015	**5,125**	**2,710**	**5,208**	**13,043**
Additions	**-**	**-**	**(69)**	**(69)**
Accretion	**81**	**-**	**-**	**81**
Payments	**-**	**(305)**	**(217)**	**(522)**
Adjustments	**-**	**3**	**-**	**3**
Balance, end of period as at June 28, 2015	**$ 5,206**	**$ 2,408**	**$ 4,922**	**$ 12,536**
December 30, 2014	$ 5,200	$ 2,498	$ 6,836	$ 14,534
July 1, 2014	$ 4,410	$ 2,243	$ 3,849	$ 10,502

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Recorded in the consolidated balance sheets as follows:			
Provisions - current	**$ 5,104**	$ 6,904	$ 3,534
Provisions - long-term	**7,432**	7,630	6,968
	$ 12,536	$ 14,534	$ 10,502

18 Long-term debt

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Term credit facility	**$ 41,000**	$ 231,000	$ 245,000
Subordinated unsecured debentures	**-**	25,582	25,511
Finance leases	**21,894**	22,430	18,940
Other	**1,651**	1,819	10
	64,545	280,831	289,461
Less: Financing costs	**575**	2,468	2,701
	$ 63,970	$ 278,363	$ 286,760
Recorded in the consolidated balance sheets as follows:			
Current portion of long-term debt	**$ 2,730**	$ 17,702	$ 16,776
Long-term portion of long-term debt	**61,240**	260,661	269,984
	$ 63,970	$ 278,363	$ 286,760

Term credit facilities

On April 10, 2015, the Company repaid $217.8 million with proceeds from the Offering and amended and extended the terms of its existing credit facility. The amended term credit facility is comprised of a revolving credit facility in the amount of up to $150.0 million and an accordion feature up to $50.0 million maturing on June 30, 2019. The interest rate applied on amounts drawn by the Company under its term credit facility is the effective bankers acceptance rate or prime rate plus a spread based on the Company's total funded net debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio, as defined in the agreement, measured using EBITDA for the four most recently completed fiscal quarters.

In conjunction with the amended and extended term credit facility, the Company settled its $150.0 million interest rate derivative on the previous credit facility and recognized a loss of $1.6 million related to the fair value adjustment on the derivative. The Company also wrote off unamortized deferred financing fees of $1.8 million related to the previous credit facility.

As at June 28, 2015, $41.0 million was drawn under the amended and extended term credit facility with an effective interest rate of 4.7% for the first half of the year, and includes the amortization of deferred financing fees. The Company's current effective interest rate is approximately 2.6% representing bankers acceptance rate of 1.0% plus 1.25% and the amortization of deferred financing fees of 0.35%.

As at December 30, 2014, $231.0 million (July 1, 2014 – $245.0 million) was drawn under the previous term credit facility with an effective interest rate of 4.5% (July 1, 2014 – 4.5%), based on a weighted average of bankers acceptances and prime rate advances outstanding during the period.

The Company is required to pay a standby fee between 0.25% to 0.45% per annum, on the unused portion of the credit facility, for the term of its term credit facility. The standby fee rate is based on the Company's total funded net debt to EBITDA ratio.

Subordinated unsecured debentures

On April 10, 2015, the subordinated debentures were surrendered and converted into common shares in conjunction with a cashless warrant exercise. These common shares were then converted into multiple voting shares. See note 23 for further detail.

Finance leases

Included in finance leases are obligations that bear interest at an average rate of 7.4% (December 30, 2014 – 7.4%).

Other

On December 18, 2014, the Company assumed $1.8 million in debt obligations related to the acquisition of The Landing Group. The debt obligations bear interest at an average rate of 6.2% and are repayable in monthly installments maturing in 2018.

19 Preferred shares

The following table summarizes the preferred shares issued by the Company, including their associated carrying amounts. The carrying amount represents the accumulation of the associated fair values determined upon the particular issuance date plus accretion. The preferred shares are presented as a liability on the interim balance sheets and are measured using the effective interest method.

(in thousands of Canadian dollars except for the number of shares)	Class A preferred shares (number of shares)	Carrying Amount	Class B preferred shares (number of shares)	Carrying Amount	Total carrying amount of preferred shares outstanding
Issue date	October 31, 2013		October 31, 2013		
Outstanding preferred shares, December 31, 2013	**31,245,825**	**$ 79,818**	**16,595,549**	**$ 48,859**	**$ 128,677**
Accretion	**-**	**3,663**	**-**	**299**	**3,962**
Payment in kind dividend Issued - June 15, 2014	**929,665**	**2,371**	**822,954**	**2,427**	**4,798**
Outstanding preferred shares, December 30, 2014	**32,175,490**	**$ 85,852**	**17,418,503**	**$ 51,585**	**$ 137,437** [(1)]
Accretion	**-**	**801**	**-**	**66**	**867**
Outstanding preferred shares, March 29, 2015	**32,175,490**	**$ 86,653**	**17,418,503**	**$ 51,651**	**$ 138,304**
Accretion		**107**		**9**	**116**
Preferred shares converted into multiple voting shares on April 10, 2015	**(32,175,490)**	**(86,760)**	**(17,418,503)**	**(51,660)**	**(138,420)**
Balance as of June 28, 2015	**-**	**$ -**	**$ -**	**$ -**	**$ -**

[(1)] Recorded on the consolidated balance sheets net of $1.9 million of financing costs

On April 10, 2015, the Class A and Class B preferred shares were surrendered and converted into common shares in conjunction with a cashless warrant exercise. These common shares were then converted into multiple voting shares. See note 23 for further detail.

20 Warrant certificates

The following tables summarize the warrants issued by the Company, including their associated fair values.

	Class A preferred share warrants (number of units)	Class B preferred share warrants (number of units)	Subordinated unsecured debenture warrants (number of units)	Total number of units outstanding	Total Carrying Amount of warrants outstanding
Issue date	October 31, 2013	October 31, 2013	October 31, 2013		
Outstanding warrants, December 31, 2013	**31,245,825**	**16,595,549**	**8,196,721**	**56,038,095**	**$ 17,913**
Payment in kind dividend Issued - June 15, 2014	**929,665**	**822,954**	**367,875**	**2,120,494**	**577**
Outstanding warrants, December 30, 2014 and March 29, 2015	**32,175,490**	**17,418,503**	**8,564,596**	**58,158,589**	**$ 18,490**
Warrants converted into multiple voting shares on April 10, 2015	**(32,175,490)**	**(17,418,503)**	**(8,564,596)**	**(58,158,589)**	**(18,490)**
Balance as of June 28, 2015	**-**	**-**	**-**	**-**	**$ -**

On April 10, 2015, the Class A and Class B preferred shares were surrendered and converted into common shares in conjunction with a cashless warrant exercise. These common shares were then converted into multiple voting shares. See note 23 for further detail.

21 Other long-term liabilities

(in thousands of Canadian dollars)	June 28, 2015	December 30, 2014	July 1, 2014
Accrued pension and other benefit plans	$ **22,357**	$ 22,735	$ 21,283
Deferred rental income	**17,516**	19,622	24,789
Deferred income	**12,010**	13,116	14,422
Accrued rent expense	**3,717**	3,508	3,394
Restructuring (note 9)	**295**	1,220	3,145
Long-term incentive plans	**-**	-	840
Other long-term liabilities	**1,721**	2,247	2,618
	$ **57,616**	$ 62,448	$ 70,491

Current portion of other long-term liabilities of $4.7 million (December 30, 2014 - $5.7 million; July 1, 2014 - $7.7 million) is included in accounts payable and accrued liabilities.

Accrued pension and other benefit plans

The Company sponsors a number of pension plans, including a registered funded defined benefit pension plan, and other supplemental unfunded unsecured arrangements providing pension benefits in excess of statutory limits. These plans are non-contributory and these benefits are, in general, based on career average earnings subject to limits.

For the 13 and 26 weeks ended June 28, 2015, the Company recorded expenses of $0.2 million and $0.5 million, respectively, (for the 13 and 26 weeks ended July 1, 2014 - $0.5 million and $0.8 million, respectively) related to pension benefits. The Company has made all required payments as at June 28, 2015.

Deferred rental income

In prior years, the Company converted certain corporate restaurants to franchise and sold the restaurants to independent operators (“franchisees”). As part of these conversion agreements, certain franchisees entered into rental agreements to rent certain restaurant assets from the Company. The $17.5 million (December 30, 2014 – $19.6 million; July 1, 2104 – $24.8 million) represents the unearned revenue associated with the rental agreements calculated as the present value of the minimum lease payments using an interest rate implicit in the rental agreement.

Deferred income

Unearned franchise and conversion fee income

At June 28, 2015, the Company had deferred $7.1 million (December 30, 2014 - $7.6 million; July 1, 2014 - $8.3 million) of initial franchise fees and conversion fees received from franchisees that will be recognized over the remaining term of the respective franchise agreements.

Sale-leaseback transactions

At June 28, 2015, the Company had deferred $4.9 million (December 30, 2014 - $5.5 million; July 1, 2014 - $6.0 million) related to gains realized on sale-leaseback transactions.

22 Earnings per share

Basic earnings per share amounts are calculated by dividing the net earnings (loss) attributable to common shareholders of the Company by the weighted average number of shares issued during the period after giving effect, on a retrospective basis, to the 2.79 to 1 share consolidation for shares outstanding as at April 10, 2015, that occurred as part of the Offering on April 10, 2015.

Diluted earnings per share amounts are calculated by dividing the net earnings attributable to common shareholders of the Company by the weighted average number of shares issued during the period adjusted for the effects of potentially dilutive warrants and stock options after giving effect, on a retrospective basis, to a 2.79 to 1 share consolidation for shares outstanding as at April 10, 2015, that occurred as part of the Offering on April 10, 2015.

The following table sets forth the calculation of basic and diluted earnings per share ("EPS"):

	For the 13 weeks ended June 28, 2015			For the 13 weeks ended July 1, 2014		
	Attributable to Shareholders			Attributable to Shareholders		
	Net earnings (loss)	**Weighted average number of shares ('000)**	**EPS**	Net earnings (loss)	Weighted average number of shares ('000)	EPS
Basic						
Continuing Operations	**$ 15,521**	**45,480**	**$ 0.341**	$ 4,378	18,089	$ 0.242
Discontinued Operations	**(3)**	**45,480**	**(0.000)**	(13)	18,089	(0.001)
	$ 15,518	**45,480**	**$ 0.341**	$ 4,365	18,089	$ 0.241
Diluted						
Continuing Operations	**$ 15,521**	**50,514**	**$ 0.307**	$ 4,378	18,933	$ 0.231
Discontinued Operations	**(3)**	**50,514**	**(0.000)**	(13)	18,933	(0.001)
	$ 15,518	**50,514**	**$ 0.307**	$ 4,365	18,933	$ 0.230

	For the 26 weeks ended June 28, 2015			For the 26 weeks ended July 1, 2014		
	Attributable to Shareholders			Attributable to Shareholders		
	Net earnings (loss)	Weighted average number of shares ('000)	EPS	Net earnings (loss)	Weighted average number of shares ('000)	EPS
Basic						
Continuing Operations	$ 21,827	31,632	$ 0.690	$ 7,871	18,089	$ 0.435
Discontinued Operations	(6)	31,632	(0.000)	(31)	18,089	(0.002)
	$ 21,821	31,632	$ 0.690	$ 7,840	18,089	$ 0.433
Diluted						
Continuing Operations	$ 21,827	43,077	$ 0.507	$ 7,871	18,933	$ 0.416
Discontinued Operations	(6)	43,077	(0.000)	(31)	18,933	(0.002)
	$ 21,821	43,077	$ 0.507	$ 7,840	18,933	$ 0.413

The weighted average number of shares used in the calculation of basic and diluted earnings per share, after giving effect on a retrospective basis to the share consolidation for shares outstanding as at April 10, 2015, is summarized below:

	For the 13 weeks ended		For the 26 weeks ended	
	June 28, 2015	July 1, 2014	June 28, 2015	July 1, 2014
Share capital (note 23)	45,479,884	18,088,785	31,632,162	18,088,785
Effect of warrants issued	1,626,993	-	8,216,316	-
Effect of stock options issued	3,407,598	844,383	3,228,962	844,383
	50,514,475	18,933,168	43,077,440	18,933,168

23 Share capital

Prior to the Offering, the Company's authorized share capital consisted of an unlimited number of common shares and an unlimited number of non-voting common shares. There were 50,467,709 voting common shares (December 30, 2014 – 50,467,709) issued and outstanding.

Immediately prior to the closing of the Offering, all of the outstanding Subordinated Debentures, Class A and Class B Preferred Shares were surrendered and converted into voting common shares in conjunction with a cashless warrant exercise. All outstanding voting common shares held immediately prior to closing of the Offering under either Fairfax's beneficial ownership or Cara Holding Limited ownership were converted at a ratio of 2.79 to 1 into multiple voting shares. All other outstanding common shares held by all other shareholders were converted into subordinated voting shares entitled to one vote per share on all matters and consolidated at a ratio of 2.79 to 1.

Upon the completion of the Offering, the Company's authorized share capital consists of an unlimited number of two classes of issued and outstanding shares: Subordinate Voting Shares and multiple voting shares (''Multiple Voting Shares"), and together with the Subordinate Voting Shares the ''Shares''). The Multiple Voting Shares are held by Fairfax Financial Holdings Limited and its affiliates (''Fairfax'') and the Phelan

family through Cara Holdings Limited and its affiliates (''Cara Holdings'', and together with Fairfax, the ''Principal Shareholders''), either directly or indirectly. Multiple Voting Shares may only be issued to the Principal Shareholders. The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting, pre-emptive and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to 25 votes on all matters. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from ''coattail'' provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares.

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive dividends out of the assets of the Company legally available for the payment of dividends at such times and in such amount and form as the Board may determine. The Company will pay dividends thereon on a pari passu basis, if, as and when declared by the Board.

On April 10, 2015 the Company converted certain common voting shares previously held by shareholders into 1,537,871 subordinated voting shares and issued 10,005,000 subordinated voting shares for a total of 11,542,871. As part of the Offering, the Principal Shareholders received 37,396,284 multiple voting shares. See note 28 for further detail.

On June 26, 2015 the Company issued an additional 209,526 subordinated voting shares as part of the Landing buyout. See note 5 for further detail.

As at June 28, 2015, there were 37,396,284 multiple voting shares and 11,752,397 subordinate voting shares issued and outstanding. There were no preference shares issued and outstanding as at June 28, 2015.

24 Long-term incentive plans

Under the various stock option plans, Cara may grant options for up to 15.9 million of its subordinate voting shares, a guideline the Company has set on the number of stock option grants.

Stock options outstanding as at June 28, 2015 have a term of up to eight years from the initial grant date. Each stock option is exercisable into one subordinate voting share at the price specified in the terms of the option agreement. There were no accelerated vesting features upon an initial public offering under any of the plans described below.

During the 13 and 26 weeks ended June 28, 2015, the Company granted a total of 40,000 (July 1, 2014 – 605,716) stock options with a weighted average exercise price of $34.10 (July 1, 2014 - $8.51) per subordinate voting share under its existing stock option plans, which allows for settlement in shares. On April 10, 2015, all stock options granted prior to the Offering were consolidated at a ratio of 2.79 to 1 to entitle holders of the options to purchase subordinate voting shares of the Company.

The following table summarizes the options granted post share consolidation:

	For the period June 28, 2015								
	Director stock option plan		CEO stock option plan		Employee stock option plan		Total		
	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)		Weighted average exercise price/share
Outstanding options, December 30, 2014	86,022	0.01	3,494,624	5.89	1,166,379	8.51	4,747,025	$	6.43
Granted	-	-	-	-	40,000	34.10	40,000	$	34.10
Forfeited	-	-	-	-	(96,008)	8.51	(96,008)	$	8.51
Expired	-	-	-	-	-	-	-		
Outstanding options, end of period	86,022	0.01	3,494,624	5.89	1,110,371	9.43	4,691,017	$	6.62
Options exercisable, end of period	21,505	0.01	-	-	-	-	21,505	$	0.01

	For the period July 1, 2014 [(1)]								
	Director stock option plan		CEO stock option plan		Employee stock option plan		Total		
	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)	Weighted average exercise price/share	Options (number of shares)		Weighted average exercise price/share
Outstanding options, December 31, 2013	64,516	0.01	3,494,624	5.89	241,935	8.51	3,801,075	$	5.95
Granted	-	-	-	-	217,103	8.51	217,103	$	8.51
Forfeited	-	-	-	-	-	-	-		-
Expired	-	-	-	-	-	-	-		
Outstanding options, end of period	64,516	0.01	3,494,624	5.89	459,038	8.51	4,018,178	$	6.09
Options exercisable, end of period	-	-	-	-	-	-	-		-

[(1)] This table reflects the options and exercise price after the 2.79 to 1 share consolidation which took effect on April 10, 2015 prior to the Offering.

Director stock option plan

The Director Stock Option Plan ("Director Plan") is for non-employee board members. Options granted under this plan entitle Directors to purchase non-voting shares of the Company after the end of each service period, following the date of the grant. The options vest pro-rata each year based on service years completed and expire after eight years. The shares issued on exercise are not entitled to vote or participate in dividends declared on the voting class of common shares. The settlement of the option can only be into the common share equity of the Company.

On April 10, 2015, all stock options granted prior to the Offering were consolidated at a ratio of 2.79 to 1 to entitle holders of the options to purchase subordinated voting shares of the Company. Under this plan, the Directors now have 86,022 options at an exercise price of $0.01.

During the 26 weeks ended June 28, 2015 and July 1, 2014, no stock options were granted under the Director Plan.

For the 13 and 26 weeks ended June 28, 2015, the Company recognized stock-based compensation costs of $0.1 and $ 0.1 million, respectively, (for the 13 and 26 weeks ended July 1, 2014 - $nil) related to the Director Plan Options with a corresponding increase to contributed surplus.

CEO stock option plan

Under the CEO Stock Option Plan ("CEO Plan"), the Company's CEO was granted the right to purchase 3,000,000 non-voting shares of the Company at an exercise price per share of $0.01 and 6,750,000 non-voting shares of the Company at an exercise price per share of $3.05. Under this plan, 4,875,000 options vest on the second anniversary of the grant date (October 31, 2015) and 4,875,000 options will vest on the third anniversary of the grant date (October 31, 2016). The options will not be exercisable until the earlier of an initial public offering of the Company and the fifth anniversary of the grant date. The options expire after eight years.

On April 10, 2015, all stock options granted prior to the Offering were consolidated at a ratio of 2.79 to 1 to entitle holders of the options to purchase subordinated voting shares of the Company. Under this plan, the CEO now has 1,075,269 options at an exercise price of $0.01 and 2,419,355 options at an exercise price of $8.51 for a total of 3,494,624 options at a weighted average exercise price of $5.89.

During the 13 and 26 weeks ended June 28, 2015 and July 1, 2014, no stock options were granted under the CEO Plan.

For the 13 and 26 weeks ended June 28, 2015, the Company recognized stock-based compensation costs of $0.6 million and $1.3 million, respectively (13 and 26 weeks ended July 1, 2014 - $0.3 million and $0.6 million, respectively) related to the CEO Plan with a corresponding increase to contributed surplus.

Employee stock option plan

On October 31, 2013, the Company granted options in accordance with certain terms of the CFO employment agreement to purchase 675,000 non-voting shares of the Company at an exercise price per share of $3.05. Under the Employee Stock Option Plan ("Employee Plan"), these 675,000 options will vest on the third anniversary of the grant date. The options can be exercised upon the earlier of an initial public offering of the Company and the fifth anniversary of the grant date.

During the year ended December 30, 2014, the Company granted an additional 2,579,198 options under the Employee Plan to various members of the Company's management team at an exercise price of $3.05 per share to purchase single voting shares of the Company. These options vest over a three year period and may not be exercised until January 1, 2019. The options expire after eight years.

On April 10, 2015, all stock options granted prior to the Offering were consolidated at a ratio of 2.79 to 1 to entitle holders of the options to purchase subordinate voting shares of the Company. Under this plan, the CFO now has 268,376 options at an exercise price of $8.51 and the Company's management team now has 898,003 at an exercise price of $8.51.

During the 26 weeks ended June 28, 2015, 40,000 options (July 1, 2014 – 217,103) were granted at an exercise price of $34.10 (July 1, 2014 - $8.51) under the Employee stock option plan and 96,008 options with an exercise price of $8.51 were forfeited (July 1, 2014 – nil).

For the 13 and 26 weeks ended June 28, 2015, the Company recognized stock-based compensation costs of $0.8 million and $1.7 million, respectively (13 and 26 weeks ended July 1, 2014 - $nil) related to the Employee Plan with a corresponding increase to contributed surplus.

25 Cash flows

Net change in non-cash operating working capital components

The changes in non-cash working capital components, net of the effects of acquisitions and discontinued operations, are as follows:

	For the 13 weeks ended		For the 26 weeks ended	
(in thousands of Canadian dollars)	**June 28, 2015**	**July 1, 2014**	**June 28, 2015**	**July 1, 2014**
Accounts receivable	$ **(688)**	$ (3,824)	$ **7,652**	$ 15,849
Inventories	**(1,669)**	349	**(655)**	(495)
Income taxes (recoverable) payable	**526**	600	**(3,397)**	1,370
Prepaid expenses and other assets	**1,996**	799	**780**	(409)
Accounts payable and accrued liabilities	**(2,536)**	(5,156)	**(11,176)**	(1,736)
Provisions	**(54)**	(40)	**(1,800)**	(161)
Gift card liability	**(2,419)**	(2,277)	**(24,926)**	(21,790)
Restructuring (note 9)	**(436)**	(1,297)	**(231)**	(1,515)
Income taxes paid	**-**	65	**5,008**	373
Change in interest payable	**3,760**	(2,561)	**(275)**	(7,455)
Net change in non-cash operating working capital	$ **(1,520)**	$ (13,342)	$ **(29,020)**	$ (15,969)

26 Commitments, contingencies and guarantees

The Company is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, labour and employment, regulatory, franchisee related and environmental claims. In addition, the Company is involved in and potentially subject to regular audits from federal and provincial tax authorities relating to income, commodity and capital taxes and as a result of these audits may receive assessments and reassessments.

Although such matters cannot be predicted with certainty, management currently considers the Company's exposure to such claims and litigation, to the extent not covered by the Company's insurance policies or otherwise provided for, not to be material to these interim financial statements.

The Company has outstanding letters of credit amounting to $0.9 million (December 30, 2014 - $0.9 million and July 1, 2014 - $1.7 million) and other minimum guarantees primarily for various utility companies that provide services to corporate owned or franchised locations and support for certain franchisees' external

financing used to fund their initial franchise fees, conversion fees and supplier arrangements, if applicable, from the Company. The probability of the letters of credit being drawn as a result of default by a franchisee is low, and as a result, no financial liability has been recorded.

The Company has an obligation for certain leases primarily related to franchisees. In the event of default by franchisees, the Company retains ultimate responsibility to the landlord for payment of amounts under these lease agreements. The Company has a number of options available to it to mitigate this liability and historically has not incurred any significant incremental liabilities pertaining to such leases.

The Company has financing lease obligations for land and buildings. The leases have an average remaining term of approximately 7 years (December 30, 2014 – 7.5 years).

27 Financial instruments and risk management

Market risk

Market risk is the loss that may arise from changes in factors such as interest rate, commodity prices and the impact these factors may have on other counterparties.

Interest rate risk

The Company is exposed to interest rate risk from the issuance of a long-term credit facility. To manage the exposure, the Company closely monitors market conditions for potential changes in interest rates and may enter into interest rate derivatives from time to time.

Commodity price risk

The Company is exposed to increases in the prices of commodities in operating its corporate restaurants. To manage this exposure, the Company uses purchase arrangements for a portion of its needs for certain consumer products that may be commodities based.

Liquidity and capital availability risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

Should the Company's financial performance and condition deteriorate, the Company's ability to obtain funding from external sources may be restricted. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its long-term debt as it matures. The Company mitigates these risks by maintaining appropriate availability under the credit facilities and varying maturity dates of long-term obligations and by actively monitoring market conditions.

Credit risk

Credit risk refers to the risk of losses due to failure of the Company's customers or other counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, primarily franchisees. The Company performs ongoing credit evaluations of new and existing customers', primarily franchisees, financial condition and reviews the collectability of its trade and long-term accounts receivable in order to mitigate any possible credit losses.

The following is an aging of the Company's accounts receivable, net of the allowance, as at June 28, 2015, December 30, 2014 and July 1, 2014:

(in thousands of Canadian dollars)								**June 28, 2015**
		Current		**> 30 days past due**		**> 60 days past due**		**Total**
Accounts receivable	**$**	**22,372**	**$**	**1,272**	**$**	**8,132**	**$**	**31,776**
Less: allowance for doubtful accounts		-		-		**6,658**		**6,658**
Accounts receivable, net	**$**	**22,372**	**$**	**1,272**	**$**	**1,474**	**$**	**25,118**
Balances at December 30, 2014	$	31,045	$	1,926	$	137	$	33,108
Balances at July 1, 2014	$	23,741	$	1,202	$	1,620	$	26,563

There are no significant impaired receivables that have not been provided for in the allowance. As of June 28, 2015, the Company believes that the $6.7 million (December 30, 2014 - $6.8 million; July 1, 2014 - $8.2 million) allowance sufficiently covers any credit risk related to the receivable balances past due. The remaining amounts past due were not classified as impaired as the past due status was reasonably expected to be collected.

Fair value of financial instruments

The fair value of derivative financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the reporting date. The fair values have been determined by reference to prices provided by counterparties. The fair values of all derivative financial instruments are recorded in other long-term liabilities on the consolidated balance sheets.

The different levels used to determine fair values have been defined as follows:

- Level 1 - inputs use quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Company has the ability to access.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial

assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities.

- Level 3 - inputs are unobservable inputs for the financial asset or financial liability and include situations where there is little, if any, market activity for the financial asset or financial liability.

The following describes the fair value determinations of financial instruments:

Long-term debt

Fair value (Level 2) is based on the Company's current incremental borrowing rate for similar types of borrowing arrangements. The carrying amount of the debt associated with the Company's current financing would approximate its fair value as at June 28, 2015.

Derivative financial instruments

Fair value (Level 2) for derivative assets and liabilities are estimated using industry standard valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves and credit spreads. As at June 28, 2015, there were no derivatives.

Other financial instruments

Other financial instruments of the Company consist of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities. The carrying amount for these financial instruments approximates fair value due to the short term maturity of these instruments.

28 Related parties

Shareholders

The Company is principally controlled by Cara Holdings and Fairfax.

Prior to the Offering, Cara Holdings held 96.7% of the voting common shares. As part of the Offering, these voting common shares were converted to Multiple Voting Shares. Subsequent to the Offering, Cara Holdings holds 35.6% of the total issued and outstanding shares, representing 46.2% voting control.

On April 10, 2015, as part of the Offering, subsidiaries of Fairfax converted non-voting preferred shares in conjunction with a cashless warrant exercise into Multiple Voting Shares of the Company. As a result of the conversion and subsequent purchases of subordinate voting shares, Fairfax holds 40.7% of the total issued and outstanding shares, representing 52.6% voting control.

Fairfax and Cara Holdings together hold 76.3% of the total issued and outstanding shares and have 98.8% of the voting control attached to all the shares.

Prior to the Offering, and during the 13 and 26 weeks ended June 28, 2015, the Company declared $nil and $3.0 million in dividends on common shares to Cara Holdings, respectively. During the same periods, the Company paid $3.0 million and $14.0 million, respectively, in dividends to Cara Holdings which were declared in previous periods. No dividends were declared or paid in the 13 and 26 weeks ended July 1, 2014.

Prior to the Offering, subsidiaries of Fairfax owned subordinated debentures and warrants bearing interest at 9.0% per annum. During the 13 weeks ended June 28, 2015, the Company incurred interest of $0.1 million (July 1, 2014 - $0.6 million) and $0.6 million for 26 weeks ended June 28, 2015 (July 1, 2014 - $1.1 million) which has been included in interest expense. Additionally, subsidiaries of Fairfax owned Class A and Class B preferred shares. For the 13 and 26 weeks ended June 28, 2015, the Company approved a payment of interest on the preferred shares in the amount of $0.3 million and $2.9 million, respectively, (for the 13 and 26 weeks ended July 1, 2014 - $2.6 million and $5.2 million, respectively), which has been included in interest expense.

Fairfax and the Company are parties to a Shared Services and Purchasing Agreement. Under this agreement, Fairfax is authorized to enter into negotiations on behalf of the Company (and Fairfax associated restaurants) to source shared services and purchasing arrangements for any aspect of Cara's operations, including food and beverages, information technology, payment processing, marketing and advertising or other logistics. There were no transactions during the 13 and 26 weeks ended June 28, 2015 and July 1, 2014.

The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions.

Insurance Provider

Some of Cara's insurance policies are held by a company that is a subsidiary of Fairfax. The transaction is on market terms and conditions.

29 Segmented information

Cara divides its operations into the following three business segments: corporate restaurants, franchise restaurants, and central operations.

The Corporate restaurant segment includes the operations of the company-owned restaurants which generate revenues from the direct sale of prepared food and beverages to customers.

Franchised restaurants represent the operations of its franchised restaurant network operating under the Company's several brand names from which the Company earns royalties calculated at an agreed upon percentage of franchise restaurant sales. Cara provides financial assistance to certain franchisees and the franchise royalty income reported is net of any assistance being provided.

Central operations includes call centre services which earn fees from off-premise phone, mobile and web orders processed for corporate and franchised restaurants and income generated from the lease of certain equipment to franchisees as well as the collection of new franchise and franchise renewal fees. Central operations also include corporate (non-restaurant) expenses which include head office people and non-personnel overhead expenses, finance and IT support, occupancy costs, and general and administrative support services offset by vendor purchase allowances. The Company has determined that the allocation of corporate (non-restaurant) revenues and expenses which include finance and IT support, occupancy costs, and general and administrative support services did not reflect how the Company manages the business and has not allocated these revenues and expenses to a specific segment.

The CEO and CFO are the chief operating decision makers and they regularly review the operations and performance by segment. The CEO and CFO reviews operating income as a key measure of performance for each segment and to make decisions about the allocation of resources. The accounting policies of the reportable operating segments are the same as those described in the Company's summary of significant accounting policies. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For the 13 weeks ended June 28, 2015	Corporate	Franchise	Central	Total
Sales	$ 60,592	$ -	$ 2,194	$ 62,786
Franchise revenues	-	16,802	846	17,648
Cost of inventories sold	(17,956)	-	-	(17,956)
Cost of labour	(19,498)	-	-	(19,498)
Other revenues (costs)	(15,086)	(2,062)	2,544	(14,604)
	$ 8,052	$ 14,740	$ 5,584	$ 28,376
Conversion revenues	-	-	422	422
Development revenues	-	-	81	81
Development expenses	-	-	(76)	(76)
Restructuring	-	-	(436)	(436)
Non-allocated selling, general and adminstrative expenses	-	-	(7,474)	(7,474)
Operating income	$ 8,052	$ 14,740	$ (1,899)	$ 20,893

For the 13 weeks ended July 1, 2014	Corporate	Franchise	Central	Total
Sales	$ 49,922	$ -	$ 2,025	$ 51,947
Franchise revenues	-	16,095	1,000	17,095
Cost of inventories sold	(15,095)	-	-	(15,095)
Cost of labour	(18,296)	-	-	(18,296)
Other revenues (costs)	(13,707)	(3,245)	3,277	(13,675)
	$ 2,824	$ 12,850	$ 6,302	$ 21,976
Conversion revenues	-	-	301	301
Development revenues	-	-	47	47
Development expenses	-	-	(3)	(3)
Restructuring	-	-	(1,297)	(1,297)
Non-allocated selling, general and adminstrative expenses	-	-	(6,351)	(6,351)
Operating income	$ 2,824	$ 12,850	$ (1,001)	$ 14,673

For the 26 weeks ended June 28, 2015	**Corporate**	**Franchise**	**Central**	**Total**
Sales	**$ 113,738**	**$ -**	**$ 4,832**	**$ 118,570**
Franchise revenues	**-**	**33,565**	**1,804**	**35,369**
Cost of inventories sold	**(33,977)**	**-**	**-**	**(33,977)**
Cost of labour	**(37,659)**	**-**	**-**	**(37,659)**
Other revenues (costs)	**(30,123)**	**(3,909)**	**5,049**	**(28,983)**
	$ 11,979	**$ 29,656**	**$ 11,685**	**$ 53,320**
Conversion revenues	**-**	**-**	**897**	**897**
Development revenues	**-**	**-**	**1,767**	**1,767**
Development expenses	**-**	**-**	**(1,721)**	**(1,721)**
Restructuring	**-**	**-**	**(231)**	**(231)**
Non-allocated selling, general and adminstrative expenses	**-**	**-**	**(15,482)**	**(15,482)**
Operating income	**$ 11,979**	**$ 29,656**	**$ (3,085)**	**$ 38,550**

For the 26 weeks ended July 1, 2014	**Corporate**	**Franchise**	**Central**	**Total**
Sales	$ 94,640	$ -	$ 4,486	$ 99,126
Franchise revenues	-	31,913	2,137	34,050
Cost of inventories sold	(29,034)	-	-	(29,034)
Cost of labour	(35,015)	-	-	(35,015)
Other revenues (costs)	(26,765)	(6,169)	3,593	(29,341)
	$ 3,826	$ 25,744	$ 10,216	$ 39,786
Conversion revenues	-	-	855	855
Development revenues	-	-	83	83
Development expenses	-	-	(30)	(30)
Restructuring	-	-	(1,515)	(1,515)
Non-allocated selling, general and adminstrative expenses	-	-	(11,156)	(11,156)
Operating income	$ 3,826	$ 25,744	$ (1,547)	$ 28,023

30 Subsequent events

Subsequent to June 28, 2015, the Company re-acquired four Milestones restaurants for a purchase price of $2.9 million, which was paid in cash from the Company's credit facility.

On August 11, 2015, the Company's Board of Directors declared a dividend of $0.0917 per share of subordinate and multiple voting common stock. Payment of the dividend will be made on September 15, 2015 to shareholders of record at the close of business on August 31, 2015.